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- It was continued by voters in 1999, 2001 and 2004 to fund large-scale capital projects, such as:
 - Police and fire station construction
 - Public safety apparatus and vehicles
 - Stormwater improvement projects
 - Emergency storm warning systems

- A property tax increase to 30 cents per \$100 of assessed value would generate an additional \$1.5 million annually.
- The tax is a major revenue source for the city.
- An example of a major capital project is the new police station, which is currently under construction.

Springfield is a city of 115,000 people. The city is a major employer and a major contributor to the state's economy. The city is a major center for education, health care, and government. The city is a major center for culture, arts, and recreation. The city is a major center for business and industry. The city is a major center for transportation and infrastructure. The city is a major center for housing and community development. The city is a major center for social services and human resources. The city is a major center for environmental protection and natural resources. The city is a major center for energy and utilities. The city is a major center for information and communication technology. The city is a major center for science and technology. The city is a major center for innovation and entrepreneurship. The city is a major center for leadership and governance. The city is a major center for civic engagement and participation. The city is a major center for social justice and equity. The city is a major center for human rights and dignity. The city is a major center for peace and conflict resolution. The city is a major center for global cooperation and development. The city is a major center for sustainable development and the future of humanity.

needed to fund additional projects (transparency).

- Fund currently generates \$8.5 million annually.

Future Opportunities:

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Level Property Tax

Presentation to Finance & Administration Committee
JULY 5, 2017

Topic aligns with Council Priority:
FISCAL SUSTAINABILITY

Capital Improvement Needs

Capital Improvement Needs

- **Very few capital improvements have been funded via the City's General Fund during the past decade**
 - The General Fund is typically used for ongoing, operational expenses (and is 79% personnel)
- **Very little capital is funded in the City Manager's proposed FY18 General Fund budget.** Most capital needs remain unfunded – many are related to public safety and public facilities.

Lack of Funding:

- Funding needed for Capital Improvements
- Need an identified source of revenue to supplement the general sales tax to allow the City to address its more urgent capital needs for our citizens.
- Need an identified source of revenue that **does not require a tax increase** (per commitment to voters prior to Police-Fire Pension Sales Tax passage)

Examples of Unfunded Needs:

- Lifecycle replacement of police vehicles and equipment
- Lifecycle replacement of fire apparatus, other vehicles and equipment
- Critical public safety infrastructure, such as fire stations and the public safety communication system
- Renovation and maintenance of public facilities, such as police and fire stations, historic City Hall, Public Works service center
- Large-scale stormwater improvement needs

Unfunded Plans:

- We have a **Capital Lifecycle Replacement Funding Plan**
 - We have insufficient funds available to meet this need
- We have a **Facilities Maintenance Needs list**
 - We have insufficient funds available to meet this need

The Intention for Today:

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The Intention for Today:

Due to time constraints in today's meeting, our intention is to...

- "Peel one more layer" of the Level Property Tax discussion
- Give the committee a few things to consider
- Schedule a follow-up meeting for further discussion

The Proposal:

Ask the voters to allow the City for the flexibility to continue to use "Level Property Tax" funds to address critical capital improvement needs, including implementation of a capital lifecycle funding plan, in addition to continuing to fund large-scale capital projects via bonding.

History

In 1995, Springfield citizens voted to maintain a 27-cent property tax (per \$100 of assessed value) to fund major capital projects.

- The Level Property Tax was continued in 1999, 2001 and 2004 with more than 75% voter approval, each with a set of capital projects.
- The levy was scheduled to end when the last payment for any bonds issued to fund the projects were made.
- The Level Property Tax excludes the special levy for Parks, Public Health and the Art Museum.



What is a Level Property Tax?

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- It was continued by voters in 1999, 2001 and 2004 to fund large-scale capital projects, such as:
 - Police and fire station construction
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 - Stormwater improvement projects
 - Emergency storm warning systems

- It primarily funded projects to replace or repair existing infrastructure and equipment.
- The tax was scheduled to end when the last payment for any bonds issued to fund the projects were made, estimated to be in 2004.

- It currently generates \$8.5 million annually, with approximately 2% annual growth.
- This revenue is used to fund major capital projects.
- An existing bond of \$100 million, plus more \$100 million in additional bonds, is currently being used to fund the tax.

Source: Springfield City Council, 1995, 1999, 2001, 2004

Current Status

- The debt load is being reduced over time, but authorization is needed to fund additional projects (transparency).
- Fund currently generates \$8.5 million annually.

- Projected Fund Balance \$100,000 - \$8,762,000
- Most maintain a reserve of 50% of annual debt payment (Council policy adopted 2014).
- For 2017, 50% of the debt payment = \$4,381,000
- Headroom \$100,000 - \$4,381,000

Future Opportunities:

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- It primarily funded projects via issuance of debt, with bonds issued and paid off over multiple years.
- The tax sunsets when the last bond payments are made, estimated to be in 2031.

- It currently generates \$8.5 million annually, with approximately 2% annual growth.
- Has been at or near maximum bonding capacity for many years.
- As we pay down/off debt in future years, more "headroom" is available to address urgent needs within the next few years.

Why are we looking at this now?

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- The Level Property Tax excludes the special levy for Parks, Public Health and the Art Museum.

1995:

The 1995 vote to keep the tax level allowed the City to plan for a consistent amount of revenue for the proposed projects and did not increase the current property tax paid for by citizens.

The continuation was communicated as:

"Working As Promised"

1995 funded and completed projects included:

1. \$14 million in stormwater improvements (prioritized by the Citizens Stormwater Task Force after the 1993 floods).
2. Relocate Fire Station #6 & build new Fire Station #11.
3. New grandstand and e-Plex at the Ozark Empire Fairgrounds (cannot find costs)

1999:

In August of 1999, Springfield voters again approved continuing the 27-cent property tax levy to help fund \$22 million in new projects

1999 funded projects included:

1. \$14 million in stormwater improvement
2. \$2 million storm warning siren system
3. \$6 million to relocate Fire Stations #1 and #6

2001:

In February 2001, voters approved maintaining the 27-cent property tax for additional major capital improvements projects.

2001 funded projects included:

1. \$25 million for additional floodplain acquisitions and to address stormwater needs
2. \$500K for improvements in each quadrant
3. \$3 million for new fire station and other station improvements
4. \$2.5 million for City facility improvements
5. Land acquisition from willing sellers for implementing Vision 2020 Citizens Committee recommendations for priorities such as Jordan Valley park and expansion of facilities, such as the City Service Center.

2004:

In February 2004, voters approved maintaining the 27-cent property tax for additional major capital improvements projects.

2004 funded projects included:

1. \$13 million in stormwater improvements
2. \$1.5 million for a new fire station #12 on Blackman Road
3. \$2 million for a Police/Fire classroom training facility

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Current Status

- The debt load is being reduced over time, but authorization is needed to fund additional projects (transparency).
- Fund currently generates \$8.5 million annually.

- Projected Fund Balance 6/30/17 – \$6,762,000
- Must maintain a reserve of 50% of annual debt payment (Council policy adopted 2016)
 - For FY17, 50% of the debt payment = \$2,724,000
- Headroom 6/30/17 - \$4,038,000

Future Opportunities:

Opportunity to combine a debt package (e.g. construction of fire stations, large-scale facility renovations) with pay-as-you-go (e.g., replacement of police cars, fire apparatus, roof replacements, etc.)

- Positive impact on delivery of emergency services, accreditations and ISO rating

Ability to fund lifecycle replacement plan

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- It primarily funded projects to replace or repair existing infrastructure and equipment.
- The tax was scheduled to end when the last payment for any bonds issued to fund the projects were made, estimated to be in 2015.

- It currently generates \$8.5 million annually, with approximately 25% going to the City of Springfield.
- The majority of the revenue is used for the following projects:
 - Police and fire station construction
 - Public safety apparatus and vehicles
 - Stormwater improvement projects
 - Emergency storm warning systems

Source: City of Springfield, Office of Finance and Administration

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Topic aligns with Council Priority:

DECISION POINTS:

DECISION 1:
Seek continuation in
an upcoming election?

DECISION 3:
Seek some portion
to address public
safety staffing needs?

OPTION A: Do not use to address
public safety staffing needs

OPTION B: Use to address public
safety staffing needs for a certain
number of years, then cover via
some other funding source

OPTION C: Use to address public
safety staffing needs ongoing
(a portion of the tax does not sunset)

DECISION 2:
What spending
flexibility to seek?

OPTION A: Seek broad flexibility

PROS: Maximum flexibility to address both
known and as-yet-known capital needs

CONS: Enough specificity to garner voter support?

**OPTION B: Seek flexibility
only within categories**

PROS:

- Flexibility within categories with known
capital needs and likely future capital needs
- Supported by voters in the past

CONS: Unable to address any unforeseen capital
needs that fall outside specified categories

OPTION C: Seek narrow flexibility

PROS: Provides voters with maximum specificity

CONS:

- Unable to address any unforeseen capital needs
not anticipated today
- We are unable to predict all capital needs

DECISION 4:
Specify a sunset on
some or all of tax
continuation?

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Next Steps

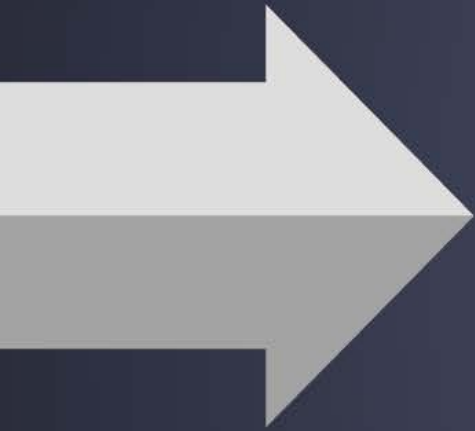


**Use feedback from today
to begin refining a proposal**

Bring list of capital needs to committee
- The "other side of the ledger"



Discussion



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